

**Coordinated Budget Presentation for the
Intelligence Community**

Problem:

1. To determine the desirability and feasibility of the formulation and presentation to the Bureau of the Budget and Congress of a coordinated statement of the budgets of the intelligence activities of the agencies of the Government.

Discussion:

2. It is clear that the intent of the National Security Act and the NSCIDs is that the Agencies represented on the Intelligence Advisory Committee are to operate insofar as possible as a system, interrelated and interdependent. While the Act and the Directives accord due respect to the fact that the individual intelligence agencies must meet their departmental responsibilities, the separate agencies are to be so managed as to achieve coordinated intelligence in the interest of national security.

3. Despite the necessity for budget requests to be related directly to the coordinated intelligence program, there is at present no machinery by which this can be accomplished. Present procedures provide only for each of the IAC agencies to present and justify their

estimated requirements for the intelligence function independently to the Bureau of the Budget and Congress. In addition, as intelligence activities frequently cut across appropriation items, it is not even possible always to identify readily by agency the funds requested for carrying out the intelligence function.

4. Due to the lack of a coordinated formulation and presentation of an Intelligence Community Budget, there is no mechanism by which either the Bureau of the Budget or the Congressional Committees on Appropriations can be made fully aware of the interdependence of the IAC agencies and assured wherein the individual agency requests are essential to the coordinated community effort. As a result, there is no assurance that the action taken on the estimates by either the Bureau of the Budget or Congress will be consistent among the IAC agencies in regard to provision for intelligence activities.

5. To the extent that the allowances granted by the Bureau of the Budget for submission of estimates to Congress or the funds finally appropriated by Congress represent a reduction from the amount originally requested, adjustments must be made by the individual departments in the various activities, including intelligence, within the general appropriation item. Due to the lack of a coordinated

Intelligence Community Budget there is also no systematic way to assure that, in this adjustment process, intelligence activities essential to the community effort are not impaired.

6. An Annual Coordination of Intelligence Budgets: The solution to the difficulties set forth in the foregoing paragraphs might be for the IAC to undertake annually the coordination of the member agency's intelligence budgets prior to submission to their respective agency or departmental budgets and, of course, prior to submission to the Bureau of the Budget.

7. This procedure might be as follows:

(a) The IAC would establish a budget subcommittee to prepare for IAC consideration a coordinated statement which would include the intelligence activities in the member agencies identifying them insofar as possible wherever they may be.

(b) This statement would be accompanied by an analysis of the interaction of the activities covered by these budgets with some explanation of the way in which gaps in intelligence collection or research have been identified during the previous year thru post mortems of NIEs and other research.

(c) Upon approval by the IAC, each of the agencies would report to its respective agency or department and to the Bureau of the Budget the views of the IAC, including reference to such items, if there be any, on which the IAC members were unable to identify sufficiently a community interest.

(d) The Budget Bureau would be requested to earmark in the granting of allowances to the individual IAC agencies the amount approved for intelligence activities. To the extent that the allowances reflect reductions in the original amounts requested, IAC Budget Subcommittee would study and advise the IAC of the effects of the cuts on the coordinated intelligence program. When deemed necessary, the IAC should appeal to the Budget Director the action taken on the allowances and make every effort to secure restoration of essential items.

(e) The individual agencies would be advised of final IAC approval of the coordinated budget and be authorized to formally notify their respective Subcommittees of the Committees on Appropriations that the amounts included in their estimates for intelligence activities have

been reviewed and approved by the IAC and have its endorsement as an essential requirement to the coordinated Intelligence Community program.

(f) The IAC Budget Subcommittee would study and report to the IAC the effects on intelligence activities of the final appropriation action taken by Congress. The IAC, as required, would give appropriate support to the intelligence officials in the individual agencies to assure that in the final allotment of funds adequate provision is made for carrying out the Agency's responsibilities in the coordinated intelligence program.

8. There are many practical difficulties, however, that would have to be overcome before the above model plan could be fully effectuated:

(a) As intelligence activities frequently cut across appropriation items, it is not possible to identify readily and accurately the funds reflected in estimates for carrying out the intelligence function. There is a need for considerable further study (1) to determine a standard classification of intelligence activities which could be used by all IAC agencies for budget purposes; (2) to obtain agree-

ment among the agencies as to the items to be reflected under each category to insure uniformity in reporting and (3) to develop adequate costing formula and techniques for identifying intelligence costs when activities do not coincide with appropriation items.

(b) In the many instances where intelligence activities do not coincide with allotment accounts it will not be possible to secure an accurate accounting record of cost experiences. Only on an estimated basis, therefore, will it be possible to compare actual performance with the budget plan.

(c) The present tight budget schedule leaves little opportunity for the IAC to make a thorough review and analysis of the budgetary requirements. To be most effective, the IAC review should occur before the agency estimates are made to the respective departments and would require a very thorough evaluation of program performance. It does not appear that sufficient time would be available within the present budget review schedule to permit such a time consuming review.

(d) Under present budget practices each department must submit its estimates within an overall budget ceiling. The proposed review by the IAC would place it in a position of possibly appealing to the Budget Bureau for funds for intelligence activities in excess of that which the individual department believed it possible to allocate within its ceiling figure.

9. An Alternative to the Collection of Intelligence Budgets: A

less ambitious, but more practical, effort to solve this problem would be for the IAC to undertake annually the coordination of a statement of member agencies' budget requirements to permit their participation in specific community programs. Such a statement would include a presentation of the IAC program in question, the justification for the program, and an explanation of the importance of the member agencies participation for achievement of the program. The NIS is such a program and would provide an excellent starting point for this approach.

10. Experience gained in handling selected programs in this manner would be useful in a longer range effort to study and resolve the difficulties which appear today to be insurmountable in regard to the preparation of coordinated budgets of intelligence agencies. It is,

of course, possible that such further study would show such total coordination to be unwise as well as unworkable.

11. As supplementary to this alternative, the IAC agencies might well prepare, from year to year, reviews of certain of the intelligence activities such as was proposed by ONE in the recent paper on National Intelligence Objectives, namely, a review of the coordination of requirements for collection. A beginning on such a review has been made in the paper attached hereto which was prepared by the Office of the Special Assistant to the Director for Planning and Coordination through the assistance of offices in the Agency who have direct responsibility in regard to production, collection or coordination of requirements. Further investigation of the activities noted and an analysis of them might lead to a new and improved paper which could usefully be utilized in the budget presentation for fiscal year 1957.

Conclusions:

12. That it is desirable to work out in some form a statement of performance of activities of the intelligence community in budget terms which will reveal the interrelationships of the member's activities so that intelligence production may more precisely reflect national security requirements and so that budget judgments can be reached on a more systematic and more rational basis than is possible at present.

13. That it is not feasible at this time to achieve a fully coordinated statement which would include all agencies' budgets bearing on intelligence activities in the Government.

14. That the DCI suggest to the Director of the Bureau of the Budget that he appoint an officer to examine and report on the changes in the budgetary practices of the Bureau and the Departments and agencies concerned which would be required to effect a coordination of intelligence budgets.

15. That from time to time, as circumstances permit, the Director should request the IAC to prepare a coordinated statement of member agencies' budget needs with regard to specific IAC programs, a specific case in point proposed for such treatment is the NIS (see Tab B).